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Developments in Indochina



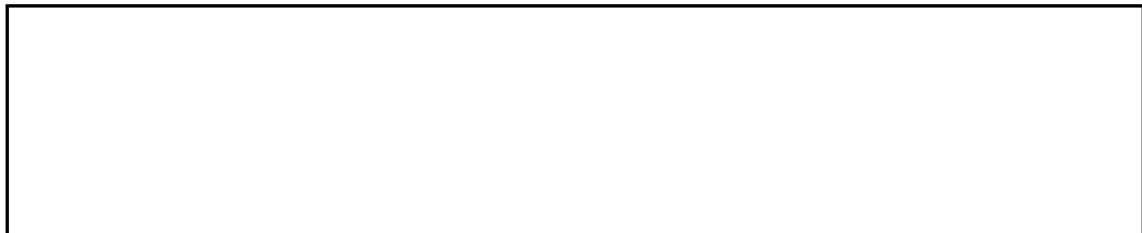
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Chien Thang is back in the North Vietnam-
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month he argues, as he has in the past,
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The government won its expected victory
in the Senate elections, but is having
continuing problems with the economy and
inflation.

NORTH VIETNAM

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New Militancy from Hanoi

Recent articles suggest that a debate is going on within the North Vietnamese leadership over North Vietnam's strategy in the South. On August 18 and 25 the North Vietnamese Army daily published articles by a pseudonymous author who in the past has strongly favored an aggressive military policy in South Vietnam. The author--whose pen name is Chien Thang ("the victor")--was pushing as early as the first part of 1971 for a major offensive, and he published an authoritative exposition of Hanoi's war strategy on the eve of the 1972 offensive. He has not been heard from since last September, just before the Paris talks began to bear fruit.

Chien Thang's two new articles update his past assessments of the military situation. He claims:

- that the US military withdrawal has decisively tilted the military balance in South Vietnam in the Communists' favor;
- that the Communists in the South now have "all the decisive factors to win victory";
- that North Vietnam has the ability--and by implication the duty--to support the southern struggle as it has in the past;
- that aid from Hanoi's Communist patrons is far less important than the "subjective" assets that the Vietnamese Communists already possess in abundance; and
- that the North's "basic needs" could be taken care of as they were in earlier phases of the

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war. (He apparently is prepared to acknowledge, however, that the reconstruction effort would suffer if Hanoi stepped up its investment in the southern struggle.)

Some elements of Chien Thang's line do not differ from Hanoi's standard position, which has always touted the Paris accords as a "victory," largely because of the American military withdrawal. Other North Vietnamese commentary, however, has not focused so sharply on the military opportunities that Chien Thang claims to see in the present situation. The standard approach is to stress reconstruction in the North and "maintaining peace" in the South.

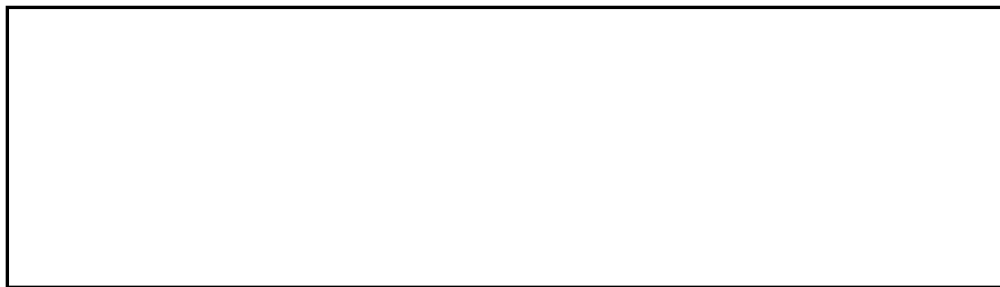
Chien Thang is clearly arguing a case for intensified military pressure--a case that probably has greatest currency in parts of the North Vietnamese military and in the apparatus inside South Vietnam. The exact magnitude of the effort he is urging is not clear; he could be advocating a major offensive as he did in 1971, but several references in his article to a "protracted" struggle could indicate that he may prefer a long-term effort at a somewhat lower level.

The tone of the articles make it clear that Chien Thang and his associates think the question of future strategy is open--or at least more open than at any other time in the last year. It seems likely that the Politburo will meet to discuss the issues he raises when First Secretary Le Duan returns from his extended trip to the Soviet Union. He left Moscow on 28 August.

If the regime adopts Chien Thang's line, the shift would probably be reflected in:

--Hanoi's domestic propaganda, which almost certainly would modify its current emphasis on reconstruction;

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--trcop infiltration and unit moves

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SOUTH VIETNAM

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No Surprises in Senate Vote

The government scored its anticipated landslide victory in the Senate election last Sunday, capturing all 31 seats at stake. The two government slates were easy winners, the Democracy Party slate getting nearly 80 percent of the vote and former foreign minister Tran Van Lam's slate receiving almost 70 percent. The two non-government slates had less than 15 percent each.

The government has announced that more than 92 percent of those registered went to the polls, exceeding the figures for all other nationwide elections in recent years. The government worked hard to ensure a high turnout in order to counter Viet Cong claims of support among the population. The Communists did little to disrupt the election--only a few scattered terrorist incidents occurred at polling stations throughout the country.

Thieu will now control more than two thirds of the votes in the 60-seat Senate, while opposition Buddhist and Catholic groups retain about 15 seats. Since Thieu already enjoyed a wide majority in the Lower House, the National Assembly seems certain to become a virtual rubber stamp for government legislation. Moreover, Thieu will now be in a position to carry out his reported plans for amending the Constitution to strengthen his position still further. The most widely rumored change Thieu is allegedly seeking is the abolition of the two-term presidential limit, which would force him to give up his office in 1975.

The election demonstrates Thieu's unchallenged position vis-a-vis his non-Communist opponents. The Democracy Party has passed its first major test at the polls with flying colors, but its victory reflects the strength and discipline of the government

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apparatus rather than the party's mass appeal. This strength represents not so much new support for Thieu as it does the serious divisions among those opposed to him, who have been maneuvered into withdrawing from an active role. For the present, most antigovernment elements, such as the An Quang Buddhists, seem resigned to a passive role. If they should decide to become more politically active again, however, they may find that the President has tightened his grip to such a point that they have no effective outlet for their opposition. This might push them toward the more radical tactics of the 1960s.

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Attempts to Improve the Rice Situation

The government has begun moving to slow the recent rapid increases in rice prices and improve the uncertain supply outlook. On 16 August, following a two-week debate, the government agreed on several new measures designed to remedy the situation. These include:

- permitting additional sales from government rice stocks to military dependents;
- a ceiling on domestic wholesale rice prices;
- a new system restricting out-of-province rice shipments to Saigon only;
- removal of the value-added tax on all rice transactions.

These measures represent compromises between advocates of tax reform and a freer economy as opposed to proponents of military-controlled collection and distribution, tighter rationing for the general public, and much greater sales of rice from government stocks. President Thieu met with all the delta province chiefs last week to try to assure compliance

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with the new measures. He urged consolidation of the rice control system, and improvement of collection of data on prices, production, stocks, and deliveries.

Prior to the recent measures, the rice situation--and living conditions generally--had been rapidly deteriorating. Retail rice prices on 13 August, for example, were 75 percent above prices at the start of the year, and nearly 50 percent higher than on 1 July. In the delta, speculative buying and stockpiling were increasing as farmers and merchants held out for further price increases. Growing popular discontent with the inflation also was apparent, particularly among government employees and others on fixed wages, whose real income had declined about one third since the start of the year. A government pay increase of about 25 percent, announced on 4 August, has done little to quiet discontent because the government simultaneously increased the selling price of US rice by 55 percent and authorized increases in the official price of petroleum products and sugar.

Major causes of the recent surge in rice prices are increased import prices related to the worldwide shortage, the impact of domestic tax reform, and an expected decline in South Vietnam's own current crop. Other than the tax reforms, few of these problems are subject to short-term policy solutions by Saigon. Several military and civilian policy makers, however, blame recent price increases primarily on such factors as price manipulation by Chinese rice merchants and Communist purchases or confiscation as well as on new domestic taxes.

For the government's new programs to have any success, they must contribute to a significant increase in the quantity of rice shipped to Saigon over the next few months. In addition, the government will have to convince the population that supplies of rice are adequate for the rest of the year. Both tasks will be difficult, but the initial reaction to the new measures provides some cause for optimism.

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Rice shipments have increased somewhat since 16 August, and retail prices in Saigon have declined by about five percent. The salutary effect of the new rice control measures may be short lived, however, particularly since rice stocks in the delta may not be as large as estimated. Faster drawdowns of government stocks, coupled with new bottlenecks created by price ceilings, could very well increase speculative purchasing and generate a black market for rice. This could deplete government stocks before the next round of PL-480 shipments arrives in December, leading in turn to tighter controls, more black marketeering, and further public outcries over the rice issue.

[REDACTED]

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